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Attorneys for Complainant

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

CHARLES WESSMAN  
1465 D Street, Suite #120  
San Bernardino, California 92407

Certificate CPA No. 37692

Respondent.

Case No. AC-2002-25

OAH No. L-2003060741

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the  
above-entitled proceedings that the following matters are true:

**PARTIES**

1. Carol Sigmann (Complainant) is the Executive Officer of the California  
Board of Accountancy (Board). She brought this action solely in her official capacity and is  
represented in this matter by Bill Lockyer, Attorney General of the State of California, by Barry  
G. Thorpe, Deputy Attorney General.

2. Charles Wessman (Respondent) is representing himself in this proceeding  
and has chosen not to exercise his right to be represented by counsel.

3. On or about May 6, 1983, the Board issued Certified Public Accountant  
Certificate Number CPA 37692 to Charles Wessman. Respondent's Certificate expired on May  
1, 1990, and was renewed effective March 13, 1991, through April 30, 1992. The Certificate

1 expired on May 1, 1992, and was renewed effective July 7, 1992, through April 30, 1994. The  
2 Certificate expired on May 1, 1994, and was renewed effective August 26, 1994, through April  
3 30, 1996. The Certificate expired on May 1, 1996, and was renewed effective October 21, 1996,  
4 through April 30, 1998. The Certificate expired on May 1, 1998, and was renewed effective  
5 February 4, 1999, through April 30, 2000. The Certificate expired May 1, 2000, and remains in  
6 an expired status.

#### 7 JURISDICTION

8 4. Accusation No. AC-2002-25 was filed before the Board, and is currently  
9 pending against Respondent. The Accusation and all other statutorily required documents were  
10 properly served on Respondent on April 25, 2003. Respondent timely filed his Notice of  
11 Defense contesting the Accusation. A copy of Accusation No. AC-2002-25 is attached as exhibit  
12 A and incorporated herein by reference.

#### 13 ADVISEMENT AND WAIVERS

14 5. Respondent has carefully read, and understands the charges and allegations  
15 in Accusation No. AC-2002-25. Respondent has also carefully read, and understands the effects  
16 of this Stipulated Settlement and Disciplinary Order.

17 6. Respondent is fully aware of his legal rights in this matter, including the  
18 right to a hearing on the charges and allegations in the Accusation; the right to be represented by  
19 counsel at his own expense; the right to confront and cross-examine the witnesses against him;  
20 the right to present evidence and to testify on his own behalf; the right to the issuance of  
21 subpoenas to compel the attendance of witnesses and the production of documents; the right to  
22 reconsideration and court review of an adverse decision; and all other rights accorded by the  
23 California Administrative Procedure Act and other applicable laws.

24 7. Respondent voluntarily, knowingly, and intelligently waives and gives up  
25 each and every right set forth above.

#### 26 CULPABILITY

27 8. Respondent agrees that, at a hearing, complainant could establish a factual  
28 basis for the charges in Accusation No. AC-2002-25.

9. Respondent agrees that his Certified Public Accountant Certificate Number CPA 37692 is subject to discipline and he agrees to be bound by the Board's imposition of discipline as set forth in the Disciplinary Order below.

## CONTINGENCY

10. This stipulation shall be subject to approval by the Board. Respondent understands and agrees that counsel for Complainant and the staff of the Board may communicate directly with the Board regarding this stipulation and settlement, without notice to or participation by Respondent. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall not be disqualified from further action by having considered this matter.

11. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

12. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

## **DISCIPLINARY ORDER**

IT IS HEREBY ORDERED that Certified Public Accountant Certificate Number CPA 37692 issued to Respondent Charles Wessman is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions.

1. **Actual Suspension.** Certified Public Accountant Certificate Number CPA 37692 issued to Charles Wessman is suspended for six (6) months after the Certificate is reactivated and/or renewed. During the period of suspension the Respondent shall engage in no

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1 activities for which certification as a Certified Public Accountant or Public Accountant is  
2 required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

3           2.       **Obey All Laws.** Respondent shall obey all federal, California, other  
4 states' and local laws, including those rules relating to the practice of public accountancy in  
5 California.

6           3.       **Submit Written Reports.** Respondent shall submit, within ten (10) days  
7 of completion of the quarter, written reports to the Board on a form obtained from the Board.  
8 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,  
9 and verification of actions as are required. These declarations shall contain statements relative to  
10 Respondent's compliance with all the terms and conditions of probation. Respondent shall  
11 immediately execute all release of information forms as may be required by the Board or its  
12 representatives.

13           4.       **Personal Appearances.** Respondent shall, during the period of probation,  
14 appear in person at interviews/meetings as directed by the Board or its designated  
15 representatives, provided such notification is accomplished in a timely manner.

16           5.       **Comply With Probation.** Respondent shall fully comply with the terms  
17 and conditions of the probation imposed by the Board and shall cooperate fully with  
18 representatives of the Board of Accountancy in its monitoring and investigation of the  
19 Respondent's compliance with probation terms and conditions.

20           6.       **Comply With Citations.** Respondent shall comply with all final orders  
21 resulting from citations issued by the Board of Accountancy.

22           7.       **Tolling of Probation For Out-of-State Residence/Practice.** In the event  
23 Respondent should leave California to reside or practice outside this state, Respondent must  
24 notify the Board in writing of the dates of departure and return. Periods of non-California  
25 residency or practice outside the state shall not apply to reduction of the probationary period, or  
26 of any suspension. No obligation imposed herein, including requirements to file written reports,  
27 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise

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1 affected by such periods of out-of-state residency or practice except at the written direction of the  
2 Board.

3               8.     **Violation of Probation.** If Respondent violates probation in any respect,  
4 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation  
5 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke  
6 probation is filed against Respondent during probation, or the Office of the Attorney General is  
7 requested to file an Accusation or Petition to Revoke Probation, the Board shall have continuing  
8 jurisdiction until the matter is final, and the period of probation shall be extended until the matter  
9 is final.

10              9.     **Completion of Probation.** Upon successful completion of probation,  
11 Respondent's license will be fully restored.

12              10.    **Continuing Education Courses.** Respondent shall complete and provide  
13 proper documentation of Financial Statement Disclosures (8 hours minimum) and GAAP/GAAS  
14 (16 hours minimum) update courses. These professional education courses shall be completed  
15 within a period of time designated and specified in writing by the Board or its designee, which  
16 time-frame shall be incorporated as a condition of this probation. This shall be in addition to  
17 continuing education requirements for relicensing.

18                     Failure to satisfactorily complete the required courses as scheduled or failure to  
19 complete same no later than 100 days prior to the termination of probation shall constitute a  
20 violation of probation.

21              11.    **Active License Status.** Respondent shall at all times maintain an active  
22 license status with the Board, including during any period of suspension. If the license is expired  
23 at the time the Board's decision becomes effective, the license must be renewed within 30 days of  
24 the effective date of the decision.

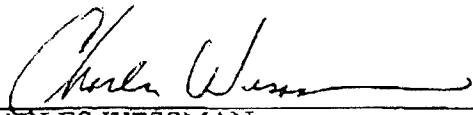
25              12.    **Cost Reimbursement.** Respondent shall reimburse the Board \$11,432.02  
26 for its investigation and prosecution costs. The payment shall be made within one (1) year of the  
27 date the Board's decision is final.

28     ///

ACCEPTANCE

I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate Number CPA 37692. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: January 28, 2004


  
CHARLES WESSMAN  
Respondent

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

DATED: 1/29/04

BILL LOCKYER, Attorney General  
of the State of California

 for B.T.  
BARRY G. THORPE  
Deputy Attorney General  
Attorneys for Complainant

DOJ Doskev/Mattuz ID Number: 03541110-LA2002AD1298

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Respondent.

Case No. AC-2002-25

OAH No. L-2003060741

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on April 1, 2004.

It is so ORDERED March 2, 2004.

  
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FOR THE CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

**Exhibit A**  
**Accusation No. AC-2002-25**



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CHARLES WESSMAN  
1465 D Street, Suite #120  
San Bernardino, California 92407

**A C C U S A T I O N**

Certificate CPA No. 37692

Respondent.

Complainant alleges:

**PARTIES**

1. Carol Sigmann (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs (Board).

2. On or about May 6, 1983, the Board issued Certified Public Accountant Certificate Number CPA 37692 to Charles Wessman (Respondent). Respondent's Certificate expired on May 1, 1990, and was renewed effective March 31, 1991, through April 30, 1992. The Certificate expired on May 1, 1992, and was renewed effective July 7, 1992, through April 30, 1994. The Certificate expired on May 1, 1994, and was renewed effective August 26, 1994, through April 30, 1996. The Certificate expired on May 1, 1996, and was renewed effective October 21, 1996, through April 30, 1998. The Certificate expired on May 1, 1998, and was

1 renewed effective February 4, 1999, through April 30, 2000. The Certificate expired May 1,  
2 2000, and remains in an expired status as of March 6, 2003.

### 3 JURISDICTION

4 3. This Accusation is brought before the Board, under the authority of the  
5 following sections of the Business and Professions Code (Code).

6 4. Section 5100<sup>1</sup> of the Code states:

7 "After notice and hearing the board may revoke, suspend or refuse to renew any  
8 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5  
9 (commencing with Section 5080), or may censure the holder of that permit or certificate for  
10 unprofessional conduct which includes, but is not limited to, one or any combination of the  
11 following causes:

12 . . . .

13 (c) Dishonesty, fraud, gross negligence, or repeated negligent acts committed in  
14 the same or different engagements, for the same or different clients, or any combination of  
15 engagements or clients, each resulting in a violation of applicable professional standards that  
16 indicate a lack of competency in the practice of public accountancy or in the performance of the  
17 bookkeeping operations described in Section 5052.

18 . . . .

19 (g) Willful violation of this chapter or any rule or regulation promulgated by the  
20 board under the authority granted under this chapter.

21 . . . .

22 (j) Knowing preparation, publication or dissemination of false, fraudulent, or  
23 materially misleading financial statements, reports, or information."

24 5. Section 5050 of the Code states:

25 "No person shall engage in the practice of public accountancy in this State unless  
26

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27 1. The California Accountancy Act was amended, effective January 1, 2003. Section 5100  
28 subdivision (f) was renumbered (g), subdivision (i) was renumbered (j), and "repeated negligent  
acts" was added to subdivision (c) as an additional basis for discipline.

such person is the holder of a valid permit to practice public accountancy issued by the board; provided, however, that nothing in this chapter shall prohibit a certified public accountant or a public accountant of another state, or any accountant of a foreign country lawfully practicing therein, from temporarily practicing in this State on professional business incident to his regular practice in another state or country."

6. Section 5062 of the Code provides that a licensee shall issue a report which conforms to professional standards upon completion of a compilation, review or audit of financial statements.

7. Section 5107 of the Code provides, in relevant part, that the Board may request the administrative law judge, as part of the proposed decision in a disciplinary proceedings, to direct any holder of a permit or certificate found in violation of section 5100 (c) or (j), to pay to the Board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorney's fees.

8. Section 118(b), of the Code provides that the suspension, expiration, surrender or cancellation of a license shall not deprive the Board of jurisdiction to proceed with a disciplinary action during the period within which the license may be renewed, restored, reissued or reinstated.

## BOARD REGULATIONS<sup>2</sup>

9. Board Regulation 58 requires that a licensee engaged in the practice of public accountancy comply with all applicable professional standards, including, but not limited to, Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS).

CALIFORNIA CODE OF REGULATIONS

10. California Code of Regulations, Title 16, section 87 provides, in pertinent part, that as a condition of active status license renewal, a licensee shall complete at least 80

2. Board of Accountancy Regulations are codified in California Code of Regulations, title 16, beginning with Division 1, Section 1 under corresponding numbers.

such person is the holder of a valid permit to practice public accountancy issued by the board; provided, however, that nothing in this chapter shall prohibit a certified public accountant or a public accountant of another state, or any accountant of a foreign country lawfully practicing therein, from temporarily practicing in this State on professional business incident to his regular practice in another state or country."

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2. Board of Accountancy Regulations are codified in California Code of Regulations, title 16, beginning with Division 1, Section 1 under corresponding numbers.

1 hours of qualifying continuing education as described in section 88 in the two-year period  
2 immediately preceding license expiration, and meet the reporting requirements specified in  
3 subsection (a) of section 89. A licensee engaged in the practice of public accountancy as defined  
4 in section 5051 of the Code is required to hold a license in active status. No carryover of  
5 continuing education is permitted from one two-year license renewal period to another.

#### 6 PROFESSIONAL STANDARDS

7 11. GAAP is derived from various authoritative sources including, without  
8 limitation, the Financial Accounting Standards Board ("FASB") which codifies principles by  
9 FASB number, and the Accounting Principles Board ("APB") which issues numbered Opinions.

10 12. Statements on Standards for Accounting and Review Services are issued  
11 by the American Institute of Certified Public Accountants, Accounting Review Services  
12 Committee, which is designated to issue pronouncements in connection with the unaudited  
13 financial information of a nonpublic entity.

#### 14 FIRST CAUSE FOR DISCIPLINE

##### 15 **(False, Fraudulent or Materially Misleading**

##### 16 **Financial Statements, Reports or Information)**

17 13. Respondent is subject to disciplinary action by the Board pursuant to  
18 section 5100(j) of the Code for unprofessional conduct in that from 1996 through July 1998,  
19 Respondent knowingly compiled financial statements and reports which included untrue  
20 statements of material facts and omissions to state material facts, for the reasons specified in  
21 paragraph 14.

22 14. Intercontinental Resources NA, Inc. (IRC) is a Utah corporation  
23 headquartered in Highland, California. From at least 1996 through July 1998, IRC has offered to  
24 sell, and or sold, securities in the form of common stock, preferred stock, notes, evidence of  
25 indebtedness, and investment contracts. IRC sent to shareholders and potential investors certain  
26 financial statements and reports compiled by Respondent. Respondent also sent financial  
27 statements and reports to certain individuals at IRC's request. These financial statements and  
28 reports included a compilation report for the period ended March 31, 1997. These financial

1 statements and reports failed to properly present assets and liabilities, and therefore failed to  
2 disclose that IRC had a negative net worth and negative shareholders' equity, because IRC's  
3 liabilities exceeded its assets. From at least 1996 through July 1998, Respondent violated  
4 Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5, or was  
5 the cause of violations committed by IRC due to statements and reports compiled by Respondent  
6 which included untrue statements and omissions of material facts. On or about April 12, 1999,  
7 the United States Securities and Exchange Commission issued an order making certain findings  
8 and imposing a cease-and-desist order against Respondent in the Administrative Proceeding,  
9 Case No. 3-9861, entitled *In the Matter of Charles E. Wessman*. The order was based on the  
10 findings that Respondent compiled financial statements and reports for IRC which were false,  
11 fraudulent or otherwise materially misleading for the period ending March 31, 1997.

12 The deficiencies are detailed as follows:

13           **a.     Assets Were Incorrectly Reported:**

- 14                   1.     Most of IRC's equipment, which was IRC's primary asset, was  
15                             reported at a value taken from an unverifiable audit report from  
16                             years before or at a replacement value provided by IRC.
- 17                   2.     Certain property and equipment were not depreciated, which  
18                             resulted in an understatement of expenses and an overstatement of  
19                             net asset values.
- 20                   3.     Expenses relating to projects in Nigeria and the Ivory Coast were  
21                             reported as "Other Assets" rather than expensed in the period in  
22                             which they were incurred.
- 23                   4.     Furniture and Fixtures were reported using unverified values.

24           **b.     Liabilities Were Incorrectly Reported:**

- 25                   1.     Past due salaries of IRC's officers were not reported as liabilities  
26                             on the balance sheet.
- 27                   2.     Notes payable were understated for each period presented.
- 28                   3.     "Revenues" were incorrectly reported for each period presented.

1 4. Development stage company disclosures were not made, including  
2 cumulative amounts of revenue, expenses, and financial resources  
3 since the company's inception.

4 c. **Reports Falsely Claimed Conformity With Standards:**

5 The reports accompanying the statements wrongly indicated that the  
6 Statements were compiled in conformance with Statements on Standards  
7 for Accounting and Review Services issued by the American Institute of  
8 Certified Public Accountants.

9 **SECOND CAUSE FOR DISCIPLINE**

10 **(Dishonesty, Fraud or Gross Negligence)**

11 15. Respondent is subject to disciplinary action by the Board pursuant to  
12 section 5100(c) of the Code, in conjunction with Title 16, California Code of Regulations,  
13 section 58, on the grounds of unprofessional conduct, in that Respondent was dishonest, acted  
14 fraudulently, and was grossly negligent, in his failure to comply with applicable professional  
15 standards, for the reasons specified in paragraph 14.

16 **THIRD CAUSE FOR DISCIPLINE**

17 **(Practicing Without a Valid License)**

18 16. Respondent is subject to disciplinary action by the Board pursuant to  
19 section 5050 of the Code for practicing without a valid license by reason of the following facts:  
20 From on and between May 1, 2000, through October 3, 2001, in his capacity as a certified public  
21 accountant, Respondent prepared an audit, a review, a compilation and four income tax returns,  
22 which were signed by Respondent. During this same period of time, Respondent's license was  
23 expired.

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1 **FOURTH CAUSE FOR DISCIPLINE**

2 **(Practicing Public Accountancy Without**  
3 **Meeting the Continuing Education Requirements)**

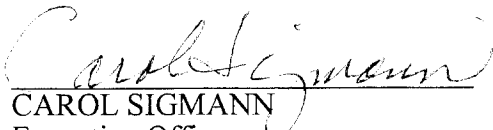
4 17. Respondent is subject to disciplinary action by the Board pursuant to  
5 section 5100(f) of the Code, in conjunction with California Code of Regulations, Title 16, section  
6 87, in that Respondent practiced public accountancy from May 1, 2000 through June 19, 2001,  
7 without having met the continuing education basic 80-hour requirement.

8  
9 **PRAYER**

10 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
11 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

- 12 1. Revoking or suspending or otherwise imposing discipline upon Certified  
13 Public Account Certificate Number CPA 37692, issued to Charles Wessman;
- 14 2. Ordering Charles Wessman to pay the California Board of Accountancy  
15 the reasonable costs of the investigation and enforcement of this case, pursuant to Business and  
16 Professions Code section 5107;
- 17 3. Taking such other and further action as deemed necessary and proper.

18 DATED: April 11, 2003

19  
20   
21 CAROL SIGMANN  
22 Executive Officer  
23 California Board of Accountancy  
24 Department of Consumer Affairs  
25 State of California  
26 Complainant